August 24, 2001 MP9450-14

Dear Sir/Madam

Re: An Update on Canadian Mineral Exploration Spending

According to our records, you are either a recipient of the annual report entitled *Overview of Trends in Canadian Mineral Exploration* or a member of our exploration client database.

In August 2001, a fact sheet was issued by Natural Resources Canada providing the most up-to-date exploration expenditure statistics. As these new statistics may be of interest to you, I am enclosing a copy for your information.

You can also find this information and much more on our WEB site (see address below). In addition, staff of our division are always available for further research in our specialized databases of production, exploration and trade.

Meeting your individual needs for information is extremely important to us.

Thank you for your interest in the mineral exploration industry.

Yours truly,

Ginette Bouchard.

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Encl.(1)

exploration facts

Mineral Exploration and Deposit Appraisal Expenditures in Canada

- Final exploration and deposit appraisal expenditures for the year 1999 totalled $504 million and preliminary estimates show a decline to $473 million in 2000. Spending intentions for 2001 indicate a more modest decline to $458 million.
- The continuous decrease in exploration and deposit appraisal expenditures recorded since 1997 began to moderate in 1999. The decrease from 1998 to 1999 was 23% while in 2000 and 2001 the declines are estimated at 6% and 3%, respectively. Some of this decline can be attributed to the migration of expenditures from exploration and deposit appraisal activities into mine complex development as work progresses in the mine complex development phase at the Diavik diamond project.
- Gold continues to be the most sought after commodity, although expenditures on gold exploration are declining. The search for diamonds remains buoyant with average spending at $107 million annually since 1997. The search for platinum group metals now accounts for 12% of exploration and deposit appraisal spending on precious metals with annual average expenditures of $22 million from 1999 to 2001.
- From 1999 to 2001, exploration expenditures accounted for about 62%, 68% and 70%, consecutively, of total exploration and deposit appraisal expenditures.
- Quebec, Ontario, the Northwest Territories and Nunavut accounted for about two thirds of Canada's exploration and deposit appraisal expenditures for each year from 1999 to 2001.
- Spending by junior companies increased from $141 million in 1999 to $149 million in 2000 and could reach $167 million in 2001. Junior companies contributed about 28% of exploration and deposit appraisal expenditures in 1999, 31% in 2000, and an estimated 36% in 2001.
- Spending by senior companies is expected to continue its decline, falling from $363 million in 1999 to an estimated $325 million in 2000. Spending intentions in 2001 show a further decline of 10% to $291 million. If this estimate is confirmed, the 2001 senior expenditures would be the lowest during the last 30 years (in constant 2000 dollars).

Mineral Exploration and Deposit Appraisal Expenditures, 1999-2001

	($ millions)		
Province/Territory	**1999**	**2000[a]**	**2001[b]**
Newfoundland	31.3	24.9	24.5
Nova Scotia	5.3	3.1	4.6
New Brunswick	10.1	10.4	10.3
Quebec	113.5	100.6	69.6
Ontario	87.4	89.7	99.0
Manitoba	22.8	27.4	30.5
Saskatchewan	43.6	39.2	41.2
Alberta	14.7	7.8	7.8
British Columbia	41.3	34.8	45.1
Yukon	12.7	9.8	10.7
Northwest Territories	84.1	63.1	60.1
Nunavut	37.4	62.4	54.2
Total	**504.3**	**473.4**	**457.7**
Exploration	314.7	319.6	321.3
Deposit Appraisal	189.7	153.8	136.4

(components may not add due to rounding)

a Preliminary estimates; b Spending intentions

Exploration covers activities up to and including the discovery and first delineation of a new mineral deposit of potential economic interest; **deposit appraisal** includes activities to bring a delineated deposit to the stage of detailed knowledge required for a feasibility study to support a production decision.

Note: The exploration and deposit appraisal expenditures cited in this fact sheet are based on the Survey of Mineral Exploration, Deposit Appraisal and Mine Complex Development Expenditures and include final expenditures for 1999, preliminary estimates for 2000, and spending intentions for 2001.

For more information

Visit www.nrcan.gc.ca/mms/efab/mmsd/exploration

or contact:
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